

## 056 - EMPLOYEE BENEFITS

### Operational Summary

#### Description:

Employee Benefits administers a wide variety of self-funded benefits and group insurance plans for County employees and retirees.

#### At a Glance:

Total FY 2003-2004 Projected Expend + Encumb:	7,815,025
Total Recommended FY 2004-2005 Budget:	8,397,794
Percent of County General Fund:	0.34%
Total Employees:	11.00

#### Strategic Goals:

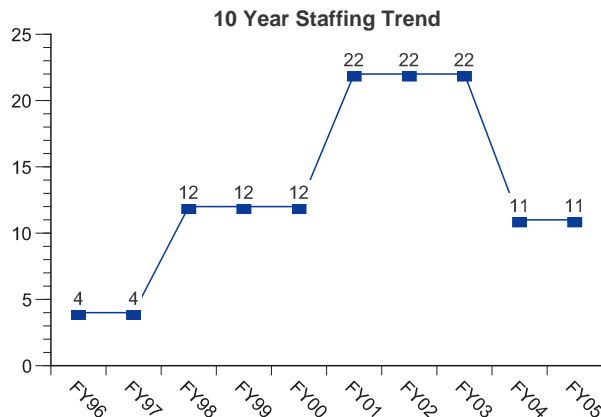
- The Employee Benefits department supports Board of Supervisor adopted strategic priorities as they relate to the implementation and administration of employee benefits.

#### FY 2003-2004 Key Project Accomplishments:

- During FY 03-04, the administration of the Extra Help Employees Defined Benefit Retirement Plan was transitioned to Employee Benefits. This Plan was previously administered by the Treasurer-Tax Collector and has been transitioned to Employee Benefits with no additional staffing or funding to administer this Plan within the Employee Benefits budget. Employee Benefits absorbed the cost of administering this plan as well as the projected increases in contract costs related to several RFP's in process, with existing revenue and one time savings and with the exception of negotiated increases in OBP costs have stayed within our original NCC target for FY 04/05. The efficiency with which we have been able to accomplish this is partially related to the implementation of the County of Orange Benefits Center Web Site and Benefits Resource Line.
- The implementation of the County of Orange Benefits Center Web Site and Benefits Resource Line on 1/1/03 has transformed time-consuming, routine benefits enrollment activities into efficient automated online processes.
- The Benefits Center utilizes state-of-the-art technologies through the Web Site and Benefits Resource Line that allows employees and retirees to have access to their personalized benefits information 24 hours a day, 7 days a week and to input their own benefit enrollment selections into a database that will apply established rules of enrollment and eligibility. All technology enhancements and updates are the responsibility of the Benefits Center Administrator and not the County of Orange. In addition, the Benefits Center provides a single point of contact for all employee/retiree health and insurance programs. It provides a professional Benefits Resource Line with knowledgeable Benefits Specialists to assist all employees and retirees with their health and insurance programs, thereby, improving the quality of customer service, access, and accuracy of information.
- Finally, the administration of the Employee Health Care Reimbursement Account, implemented on January 1, 2002, is now included in the County of Orange Benefits Center resulting in \$98,093 in General Fund savings. The Operating Transfer into ISF 298 from Misc. General Funds in the amount of \$98,093 will no longer be required, reducing our NCC needs by \$98,093 per year.

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## Ten Year Staffing Trend:



## Ten Year Staffing Trend Highlights:

- Employee Benefits implemented the County of Orange Benefits Center on January 1, 2003. The Benefits Center allows employees and retirees to access their benefits information via the Web Site and/or Benefits Center's Toll-Free Resource Line resulting in streamlined administration and enrollment of the Employee Benefits functions. As a result, 10 positions were deleted in the FY 03-04 budget.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

The Employee Benefits Division supports the Board of Supervisors adopted strategic priorities as they relate to the implementation and administration of employee benefits.

### Changes Included in the Recommended Base Budget:

The projected FY 04-05 Net County Cost (NCC) of Agency 056 is projected to be higher than the FY 03-04 adopted budget by \$551,191 or 18% due to increases in the Optional Benefit Plan costs and anticipated increases in Professional Services contract costs following two RFP processes which are currently underway.

Two of the major objects in Agency 056 are Professional Services-Object 1900 and Optional Benefit Plan (OBP)-Object 2405. The combined requested budgets for these two accounts are more than 80% of the total budget. The professional services contracts for the Employee Assistance Program (EAP) and the administration of the Extra Help Defined Benefit Retirement Plan are expiring on 6/30/04 and the Request for Proposal (RFP) process is currently underway to solicit proposals for the new contract period. The FY 04-05 budgets for these two contracts were based on our best estimate of the new contract costs for these services. However, if contract costs are higher once proposals are received and a vendor selected, additional appropriations and a Net County Cost (NCC) increase will be needed.

As for the Optional Benefit Plan expenses, the increase in cost from prior fiscal years is due to the increase in annual OBP benefit amounts based upon new contracts negotiated with the Attorney Unit and the Orange County Management Association (OCMA). Note that the requested budget for OBP-Object 2405 is based on the current number of eligible positions and current OBP benefit amounts. The cost of any additional changes in negotiated OBP benefit amounts or in increase in the number of employees/positions eligible for OBP benefits will have to be funded by additional NCC at that time.

Additionally, the net increase in the OBP benefit cost within 056 based on the contract with OCMA for 2004 is \$135,750. For FY 03-04, this amount will be absorbed within the existing 056 budget by one time savings and current year revenues. However, any future changes in OBP or other benefits as a result of contract negotiations will require an increase in appropriations and Net County Cost, as well as increases in existing Professional Services contract limits, to fund the programming and implementation costs related to making the change with our benefit program vendors.

## Proposed Budget and History:

Sources and Uses	FY 2002-2003 Actual	FY 2003-2004 Budget As of 3/31/04	FY 2003-2004 Projected <sup>(1)</sup> At 6/30/04	FY 2004-2005 Recommended	Change from FY 2003-2004 Projected	
					Amount	Percent
Total Positions	-	11	11	11	0	0.00
Total Revenues	4,203,636	4,386,810	4,625,194	4,822,245	197,051	4.26
Total Requirements	6,361,673	7,656,415	7,882,892	8,397,794	514,902	6.53
Net County Cost	2,158,037	3,269,605	3,257,698	3,575,549	317,851	9.76

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2003-2004 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Employee Benefits in the Appendix on page 475.

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### Summary of Proposed Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2002-2003		FY 2003-2004		FY 2003-2004		FY 2004-2005		Change from FY 2003-2004	
	Actual		Budget As of 3/31/04		Projected <sup>(1)</sup> At 6/30/04		Recommended		Projected Amount      Percent	
Charges For Services	\$	3,232,244	\$	3,385,060	\$	3,430,519	\$	3,682,445	\$	251,926      7.34%
Miscellaneous Revenues		971,392		1,001,750		1,194,675		1,139,800		(54,875)      -4.59
<b>Total Revenues</b>		4,203,636		4,386,810		4,625,194		4,822,245		197,051      4.26
Salaries & Benefits		1,075,104		933,892		957,304		1,129,659		172,355      18.00
Services & Supplies		6,942,254		8,267,190		8,761,805		9,105,110		343,305      3.92
Other Charges		0		700		700		0		(700)      -100.00
Intrafund Transfers		(1,655,685)		(1,545,367)		(1,836,917)		(1,836,975)		(58)      0.00
<b>Total Requirements</b>		6,361,673		7,656,415		7,882,892		8,397,794		514,902      6.53
<b>Net County Cost</b>	\$	2,158,037	\$	3,269,605	\$	3,257,698	\$	3,575,549	\$	317,851      9.76%

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2003-2004 projected requirements included in "At a Glance" (Which exclude these).